Summary

This report provides basic information on the Austrian passenger vehicle market, including market overview, market size, end users, market trends, import market, domestic production, opportunities for profile building and key contacts.

Market Overview

At the end of 2003, there were 4,054,308 passenger cars registered in Austria. Over half of these vehicles were built in Germany, and less than 1% in the United States. Leading automakers are the VW/Audi group, Opel, and Renault and Ford Germany. Austria is unusual in that 47% of all cars and an amazing 70% of new registrations are powered by diesel engines. The average life span of an Austrian passenger vehicle is 8.7 years.

After three consecutive years of falling new registration numbers, 2003 charted a leap of 7.4%. The first 6 months of 2004 would indicate that this trend is continuing, with 220.542 new cars registered, a 5.3% increase over the first 6 months of 2003.

Nearly 100% of the passenger vehicles registered in Austria are imported, over 50% from Germany. Domestic auto assembly has grown in the past 10 years from a few hundred exotic models to over 100,000 units yearly. In fact, we expect auto production to reach close to 200,000 units by the end of 2004. The past two years have seen a shift in auto assembly operations: Chrysler Jeep, Voyager and Grand Cherokee models continue to be produced, but Mercedes M and PT Cruiser production was stopped. With the production start of the BMW X3 and the Saab 9-3 in 2003, assembly operations have diversified significantly and no longer hinge on high US-content vehicles. The specialization in four-wheel drive vehicles, SUVs and minivans however continues to be evident.

Market Size

	New Registrations	Registered Vehicles
2000	309,427 (-1.5%)	4,097,145
2001	293,526 (-5.1%)	4,182,027
2002	279,493 (-4.8%)	3,939,701
2003	300,121 (+7.4%)	4,054,308
2004	315,000 (estimated 5% increase)	4,100,000 (est.)

End Users

Austria's population of around 8 million supports just over 4 million registered passenger vehicles, which breaks down to around one car for every adult between the ages of 15 and 59. This saturation point was reached in 1999, and the number of registered vehicles has hovered around the 4 million level ever since. In 1980, though the population was nearly the same, there were only 2.2 million passenger vehicles registered. Young people took trains and public transportation, and households shared a single vehicle. Over the past 20 years, individual car ownership has become part of the average standard of living.

Market Trends

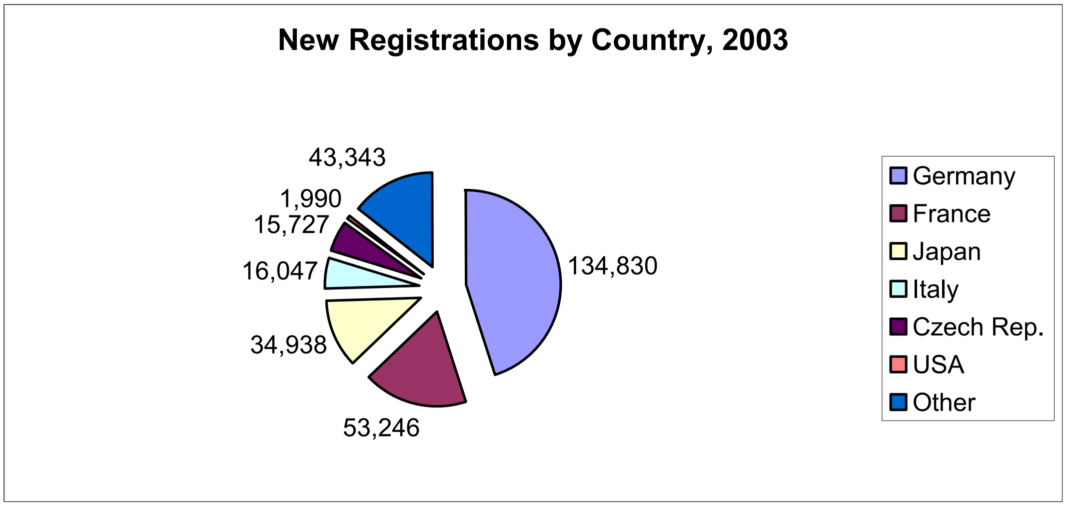
The undisputed ruler of the Austrian passenger vehicle market is the VW Golf, with around 6% of the market. This versatile vehicle is a beloved "second car" for many households, and on the used vehicle market becomes the first car of many a student or single. Compact and sub-compact sedans and hatchbacks – in particular those produced by the VW group – are a staple of the Austrian auto market with over 45% market share. That being said, two interesting trends warrant mention.

First, the traditional segmentation is changing. Relatively new kinds of cars, including microvans, minivans, and SUVs, are replacing those boring old mid-size sedans in Austria's garages. Where a household may once have had a larger sedan and a smaller compact car, now many are purchasing a minivan or microvan for the family and either a smaller car for the commuter or a car with fun factor like an SUV. Microvans boast a market share of 10%, minivans over 7%, and SUVs around 6%.

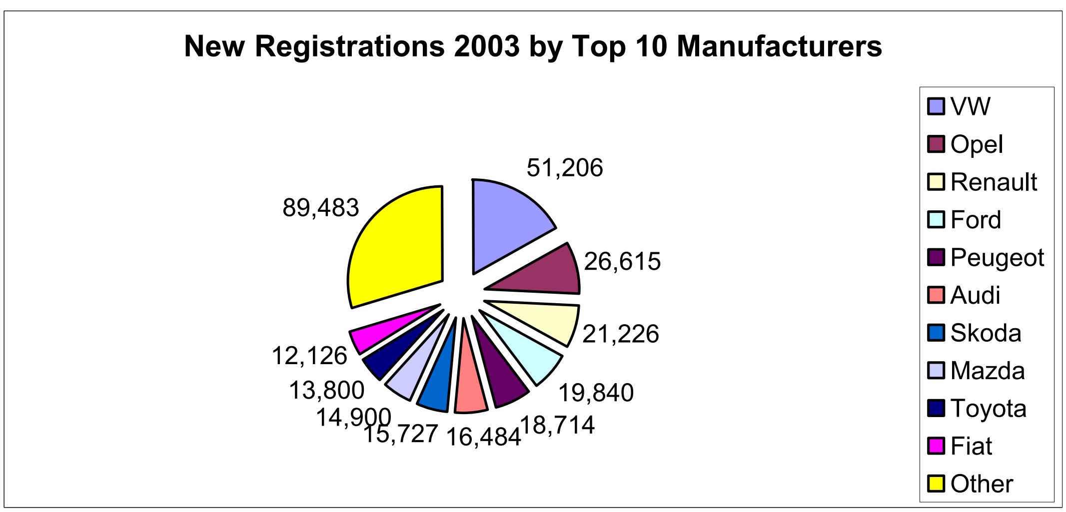
And second, there is the rising popularity of French-made vehicles. With attractive design elements, both Renault and Peugeot have made inroads into the traditionally German-dominated market.

Import Market

Though local auto assembly has grown significantly over the past 10 years, Austria still imports nearly all of its passenger vehicles. Germany has the largest slice of the pie with over 134,000 new registrations and 45% of the market. Following a distant second is France with 18% and Japan with 12% of new registrations. The U.S.-origin cars depicted in this chart make up less than 1% of all new registrations and are primarily Chryslers (1,107 units), Mercedes (646 units), and Chevrolets (184 units). (please see chart below)



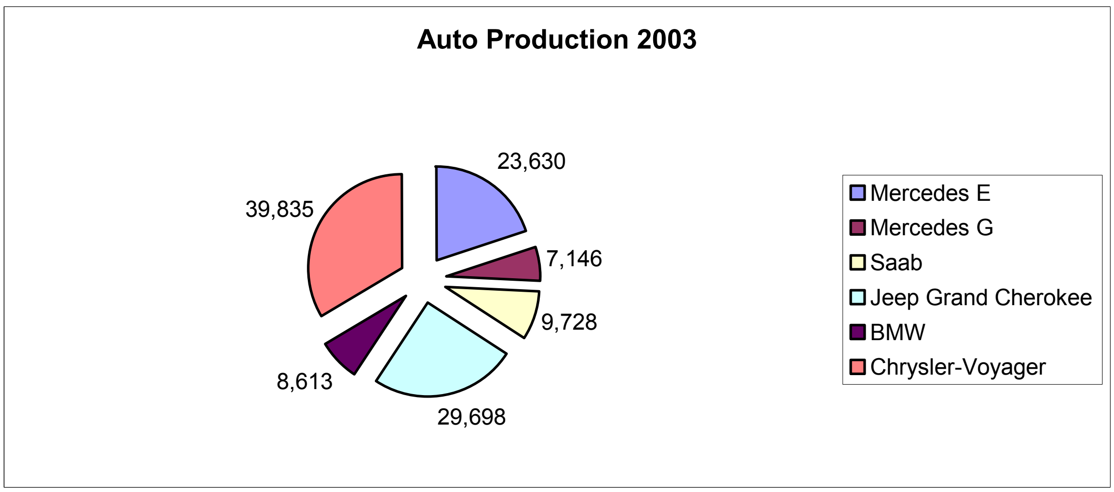
The seven most popular manufacturers produce in Europe. VW continues to defend its position at the top with over 51,000 new cars registered and 17% of the market. If we add the rest of the VW group to this figure, the lead gets significantly stronger, namely, 92,597 cars registered and a whopping 31% of the market! The battle for second place also had a clear winner in Opel, with over 26,000 cars registered and 9% of the market. Renault, Ford, and Peugeot are neck and neck for third place, accounting for 6%-7% of the market. The only U.S. manufacturer with significant registration figures in Austria is Chrysler, with 1.08% of the market. (please see chart below)



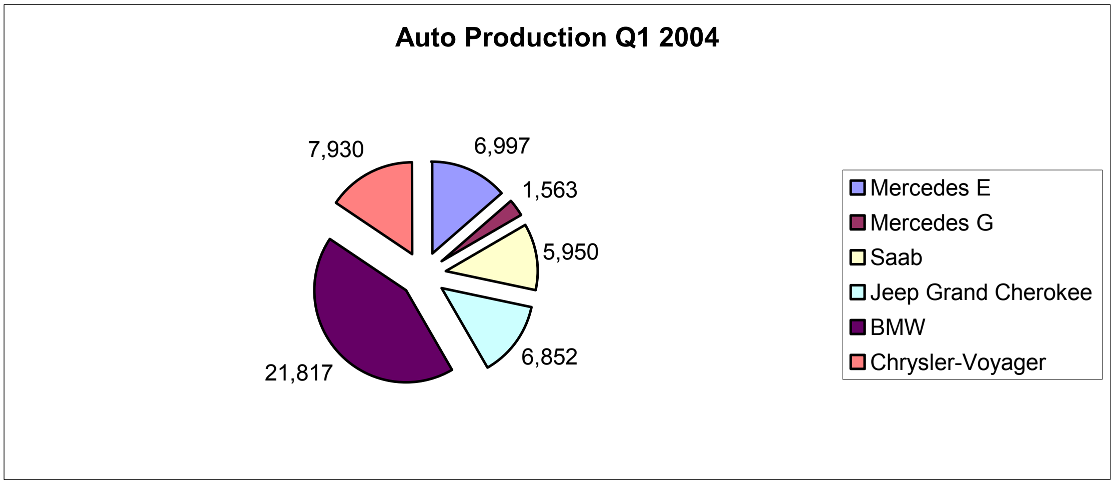
Why are there so few U.S.-made vehicles on the roads here? Well, of course this is primarily because the U.S. automakers have major European assembly operations that build cars tailored for the European market. Models developed for the U.S. and exported to Europe are niche products here, with all the attending (perceived) problems: spare parts are hard to find, expensive, or take ages to arrive; getting the car serviced and repaired is a burden, etc. Austrians, to make a generalization, tend to be risk-averse in all aspects of life, including purchasing a car. The average Austrian would simply rather buy something predictable (like a VW Golf) than something exotic or unknown.

Domestic Passenger Vehicle Production

Three vehicle manufacturers currently have significant assembly operations in Austria: Daimler-Chrysler, BMW, and Saab. Of the 118,650 cars produced here in 2003, 113,922 were exported, leaving 4,728 units in the domestic market. Of the total 300,121 new vehicle registrations in Austria, this is a mere 1.57%. For a breakdown of the vehicles assembled here, please see the chart:



When comparing the auto assembly figures for 2003 and 2004, the changing structure is apparent. Whereas 2003 Chrysler and Jeep made up the bulk of the output, the first quarter of 2004 shows both overshadowed by the BMW X3 and equaled by both Mercedes E and Saab. This chart predicts not only a change of emphasis, away from high U.S. content vehicles, but also a dramatic increase in the total number of vehicles produced:



Opportunities for Profile Building and Key Contacts

<u>American Embassy</u>
U.S. Commercial Service
U.S. Embassy – Vienna
Boltzmanngasse 16
A-1091 Vienna, Austria
Phone: (43-1) 313 39-2205
Fax: (43-1) 310 69 17
Internet: www.buyusa.gov/austria/en
Commercial Specialist: Marta Scheidl
E-mail: marta.scheidl@mail.doc.gov

<u>Federal Economic Chamber (Wirtschaftskammer Oesterreich)</u>
Fachverband der Fahrzeugindustrie Oesterreichs
(Austrian Federal Economic Chamber – Austrian Vehicle Industry Association)
Wiedner Hauptstrasse 63
P.O.Box 440
A-1045 Vienna, Austria
Phone: (43-1) 50105 4803
Fax: (43-1) 50105 289
Internet: www.wko.at/fahrzeuge
Contact: Dr. Manfred Kandlhart
Email: Manfred.Kandlhart@wko.at

Upcoming Trade Shows and Events

<u>Autozum</u> / 12.Jan – 15.Jan 2005 / Messezentrum Salzburg

Reed Exhibitions Messe Salzburg GmbH
Am Messezentrum 6, Postfach 285
A-5021 Salzburg
email: autozum@reedexpo.at
Ing. Andreas Wetzer
0043 (0)662 4477 - 423
0043 (0)662 4477 - 245

Vienna Autoshow / 20.Jan - 23.Jan 2005 / Messezentrum Wien
Reed Messe Wien GmbH
Messeplatz 1, Postfach 277
A-1021 Wien
Tel: +43 (0)1 727 20-0
Fax: +43 (0)1 727 20-443
www.messe.at - info@messe.at